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study was carried on calmly, intently, without preconceptions, taking account of all tendencies of thought and all the results of research without exclusiveness or intolerance. The master, without having the fire of genius, possessed a mental equilibrium, a critical acuteness, a profound knowledge of all the principles and phases of his subject, a passion for investigation and study, which made him an invaluable helper to the disciples who thronged about him and who revered him for the extreme kindness, modesty, and rectitude of his nature, as well as for his scientific worth. To science and education the death of Luigi Cossa is a serious loss; but to the economists of Italy it is, besides, a source of profound and heartfelt sorrow.

UGO RABBENO.

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#### REDEMPTION OF SILVER CURRENCY.

THE following declaration by Secretary Carlisle, in a letter to Mr. James T. Helm, Louisville, Ky., September 1896, has an importance beyond the attention it has received because of its bearing upon the practical operation of principles governing token money, and because it indicates a realization that our present statutes provide for a redemption of our silver currency in gold. It affects silver certificates and silver dollars especially.

MY DEAR SIR : Your letter, asking how the silver dollars which contain a quantity of bullion commercially worth only about 53 cents each are maintained at a parity with gold, notwithstanding the fact that the government does not directly redeem them or the certificates issued upon them in gold, is received, and, as a great many inquiries upon the same subject are addressed to me daily from different parts of the country, which it is impracticable to answer in detail, I will take advantage of your favor to answer them all at once. All the standard silver dollars issued from the mints since the passage of the act of 1878, now amounting to more than \$433,000,000, have been coined on public account from bullion purchased by the government, and are legal tender in payment of all debts, public and private, without regard to the amount, except when otherwise expressly stipulated in the contract between the parties. They belong to the government when coined, and they are paid out by the government at a parity with gold for property and services of all kinds, and received from the people at a parity with gold in the payment of all public dues and demands.

The government has made no discrimination whatever between the coins of the two metals, gold having been paid on its coin obligations when gold was demanded and silver having been paid when silver was demanded.

Under this policy the coinage has been so limited by law and the policy of the Treasury Department that the amount coined has not become so great as to drive the more valuable coin, gold, out of use, and thus destroy the basis of our monetary system; and so long as the two metals are of unequal commercial value, at the ratio established by law, this limitation upon the coinage is, in my opinion, absolutely essential to the maintenance of their parity in effecting exchanges. It constitutes the principal safeguard for the protection of our currency against the depreciation which the experience of all countries has shown would otherwise result from the attempt to use two legal-tender coins of the same denomination but of unequal value. If the limitation were removed, confidence in the ability of the government to preserve equality in the exchangeable value of the coins would be destroyed, and the parity would be lost long before the amount of silver coinage had become really excessive. With free and unlimited coinage of silver on account of private individuals and corporations the government would be under no moral obligation to maintain the parity, and, moreover, it would be unable to do so, because the volume of overvalued silver forced into the circulation by a legal-tender provision would soon expel gold from the country, or put such a premium upon it that it would be impossible to secure and hold in the Treasury a sufficient amount to provide for the redemption of silver on presentation. In order to maintain the parity under such conditions, the government would be compelled from the beginning to exchange gold for silver dollars or their paper representatives whenever demanded, just as it now exchanges gold for its own notes when demanded; and, as the coinage of silver dollars would be unlimited, and therefore constantly increasing, a point would soon be reached where it would be impossible to continue the process of redemption.

The implied obligation of the government to preserve the value of the money which it coins from its own bullion for its own use, and which it forces its citizens to receive in exchange for their property and services, has been supplemented by two statutory declarations which substantially pledge the public faith to the maintenance of that policy. The act of July 14, 1890, after providing that the Secretary of the Treasury should, under such regulations as he might prescribe, redeem the treasury notes issued in the purchase of silver bullion in gold or silver coin, at his discretion, declares that it is "the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law," and the act of November 1, 1893, again declares it to be "the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement or by such safeguards of legislation as will insure the maintenance of the parity of value of the coins of the two metals and the

equal power of every dollar at all times in the markets and in the payment of debts.

With knowledge of these assurances, the people have received those coins and have relied confidently upon the good faith of their government, and the confidence thus inspired has been a most potent factor in the maintenance of the parity. The public has been satisfied that, so long as our present monetary system is preserved, the government will do whatever its moral obligations and express declarations require it to do, and, very largely in consequence of this confidence in the good faith of the executive authorities, the silver coins have not depreciated in value. It is not doubted that whatever can be lawfully done to maintain equality in the exchangeable value of the two metals will be done whenever it becomes necessary, and although silver dollars and silver certificates have not, up to the present time, been received in exchange for gold, yet, if the time shall ever come when the parity cannot be otherwise maintained, *such exchanges will be made*. It is the duty of the Secretary of the Treasury, and of all other public officials, to execute in good faith the policy declared by Congress, and whenever he shall be satisfied that the silver dollar cannot be kept equal in purchasing power with the gold dollar, except by receiving it in exchange for the gold dollar, when such exchange is demanded, *it will be his duty to adopt that course*. But if our present policy is adhered to, and the coinage is kept within reasonable limits, the means heretofore employed for the maintenance of the parity will doubtless be found sufficient in the future, and our silver dollars and silver certificates will continue to circulate at par with gold, thus enabling the people to use both metals instead of one only, as would be the case if the parity were destroyed by free coinage.

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#### THE NEW GOLD AND THE FALL OF PRICES.

PROFESSOR J. CONRAD has renounced the view that the fall of prices since 1873 has been due to a diminished production of gold. The fact which has led him to this change of opinion is that the recent large increase in the production of gold has not exercised any appreciable effect in retarding the continued decline of the price level.

Professor Conrad's discussion of this question may be found in a recent article in *Hildebrand's Jahrbücher*.<sup>1</sup> He there presents a table, founded upon official data, showing the price movements in Germany. Taking prices for the decade 1878-89 as 100, he gives the following as the index numbers for recent years :

<sup>1</sup> "Die Preisentwicklung im Jahre 1895 und den Vorjahren," J. CONRAD; *Jahrbücher für Nationalökonomie und Statistik*, III. Folge, Band XI. 602 (1896).